



Intermediaries in Consumer Markets
Research report

March 2017

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Executive Summary

In the last decade there has been rapid growth of digital comparison tools, such as Price Comparison Websites (PCWs) which are now well established brands. Still growing are Next Generation Intermediaries (NGIs), which are automated data driven digital tools which access transaction and personal data and facilitates switching on consumers' behalf with their permission. Other digital tools are being adopted, such as cashback sites and add-ons, which scour the internet to find the best deals.

Despite the benefits which many consumers find from using PCWs, of saving cost and time, they have not increased the levels of switching in regulated markets to drive up competition by bringing prices down, or driving quality up.¹

It has been expected that NGIs would make it easier for consumers to find the best deal, as they automatically access consumers' data and find the best deal for them. Citizens Advice estimates that only 1% of consumers have ever used a NGI service.²

Citizens Advice commissioned this research study to update understanding of consumer behaviour and attitudes in relation to PCWs and NGIs. It examines how consumer engagement with PCWs and NGIs could be improved, and whether there are any barriers to PCWs and NGIs helping more people to finding better deals.

Methodology

The research is a substantial qualitative study designed to observe how people use PCWs and NGIs, how adept they are at using them and to explore barriers to more widespread use.

¹ <http://webarchive.nationalarchives.gov.uk/20140728011208/http://www.consumerfutures.org.uk/files/2014/01/The-Rise-of-the-Consumer-Empowering-Intermediary-Ctrl-Shift.pdf>

² Price Comparison Websites. Consumer perceptions and experiences, Consumer Focus 2013.

It uses three research methods –

- A usability study and semi structured interviews amongst 162 consumers with different levels of PCW usage experience
- In-depth interviews with eight 'vulnerable' consumers
- An online community with eight NGI users

Findings

Three important issues were discussed by consumers in this study:

- Many consumers worry about money which motivates them to reduce bills
- Some consumers are saving time and money by using digital tools
- Some consumers have found better deals by switching providers

The key phrase here is 'some consumers' and not 'all consumers'. This study found that consumers who are confident in their ability to find deals, who use technology regularly and have an appetite to look for bargains are more likely to find great deals and feel a sense of control over their household bills. In this study, of the 178 participants interviewed, 55% were confident; 45% were unconfident in their ability to find good deals, especially using technology.

This study was designed to understand if problems exist in the digital comparison market, and what changes might need to be made to ensure it operates competitively and in the best interests of consumers. What became clear is that there are significant issues for those who are not currently aware that they can switch suppliers to get better deals, especially by accessing digital tools. Nearly half of the consumers in this study are not confident in their ability to find deals, particularly those who are vulnerable, and as such, are being left behind. They may not even know that household bills can be easily reduced, they may not have experience in using technology, are not familiar with PCWs, have concerns about data security and fraud, and find the prospect of switching suppliers daunting.

NGIs present unconfident consumers with even more concerns, as the brand names of the current providers are not well known, and the consumer is required to allow access to more personal information in order to receive the service.

In order for more people to be able to access better deals, a focus is needed on consumers who are not confident. They need training and support, easy access to technology and guidance on how to use

PCWs. Once an unconfident user sees how much money they can save by reviewing their bills, and using a PCW, they feel excited and motivated to use them more frequently in order to access better deals across more markets.

In addition to these initiatives, regulators can provide them with greater reassurance by setting up a compulsory accreditation scheme. For it to be effective in providing reassurance, consumers need to know the standards which suppliers need to adhere to and the penalties which would be applied for non-compliance.

In order to allow less confident consumers to start using PCWs to help them get better deals, operators would need to focus on the needs and barriers of these consumers, and design the customer journey accordingly.

Measures such as this will enable unconfident consumers to use these tools, which will make a difference to their confidence and self-esteem, and in turn allow them to take more control of their household expenditure.

Introduction

There has always been consumer demand for information to guide purchasing decisions. Suppliers routinely provide some degree of price and product information to consumers. In some complex markets, intermediaries have a long history of providing advice and guidance, from insurance brokers and independent financial advisors to agents in travel or real estate.

Price Comparison Websites (PCWs) have become an increasingly important form of intermediary over the last decade, facilitating consumer choice and switching in markets with complex pricing structures. The PCW market is estimated to be worth more than £1bn³ and regulators and policy makers see PCWs as a key means of driving competition in regulated markets.

Some UK regulators have introduced voluntary PCW accreditation schemes e.g. Ofgem's Confidence Code Accreditation Scheme and Ofcom's Price Accreditation Scheme. Ofgem's Confidence Code⁴ ensures that participating sites remain independent and are accurate.

Despite regulators' and policy makers' commitment to them, PCWs are not producing the rates of switching required to significantly bring down prices. Estimates from 2014 indicate the highest switching rates are in commodity markets such as car insurance (33%), electricity (12%) and gas (12%), but as low as 7% in mobile phones and 6% in broadband.⁵

Next generation intermediaries (NGIs), which automatically access and use consumers' own transaction data, have been held up as a way of making it easier for consumers to find the optimum deal. But this assumes that consumers are comfortable with companies accessing their transaction data. Additionally, some NGIs require an upfront fee for their services, creating an immediate disadvantage when consumers compare these sites to free PCWs.

³ <https://www.ctrl-shift.co.uk/news/general/2013/10/04/ctrl-io-is-helping-consumers-manage-their-personal-data-assets>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/confidence-code-code-practice-online-domestic-price-comparison-services>

⁵ page 175 https://www.ofcom.org.uk/__data/assets/pdf_file/0019/63523/tce14_research_report.pdf

It was expected that NGIs would increase the number of consumers switching suppliers, especially in complex markets. But Citizens Advice estimates that only a very small proportion (only 1%)⁶ of consumers have used a NCI service.

In December 2015 the Competition and Markets Authority (CMA) announced a study⁷ of the PCW market and NGIs, exploring whether problems exist and what changes might be needed to ensure they continue to work well for consumers. Preliminary results will be released in spring 2017, when CMA will call for further evidence from stakeholders.

Citizens Advice aims to help the CMA and other stakeholders set best practice, particularly in regulated markets.

Citizens Advice is concerned that, in their current form, PCW's and NCI's offer only partial solutions to empowering consumer choices and driving competition. There are particular groups of consumers, including vulnerable or disadvantaged people, who are much less likely to use PCWs and NGIs.

Citizens Advice is concerned that PCWs and NGIs will continue to be limited in their ability to empower choice and drive competition if they do not take into account consumer behaviour and attitudes towards them.

This research seeks to understand how people use PCWs and their attitudes towards them, in finding deals in key regulated markets, ie. home and car insurance, energy, mobile phones, fixed broadband, travel insurance, airfares and holidays. In doing so, this study is designed to understand how PCWs can be made more attractive for non-engaged consumers, and whether NGIs are providing a solution to non-engagement. It is part of a programme of research being undertaken by Citizens Advice to inform the development of PCWs and NGIs so that they work more effectively for a greater number and range of people.

⁶ Price Comparison Websites. Consumer perceptions and experiences, Consumer Focus 2013.

<http://webarchive.nationalarchives.gov.uk/20140728011208/http://www.consumerfutures.org.uk/files/2013/07/Price-Comparison-Websites-Consumer-perceptions-and-experiences.pdf>

⁷ <https://www.gov.uk/cma-cases/digital-comparison-tools-market-study>

Review of research to date

In 2013, Consumer Futures and RS Consulting investigated⁸ consumer perceptions and experiences of PCWs in some of the key regulated markets, ie. fixed broadband, electricity, home insurance, travel insurance and mobile phones. They found that 85% of consumers were aware of PCWs and the majority of these were able to name at least one of the 'Big Four'; GoCompare.com, Comparethemarket.com, Confused.com and Moneysupermarket.com.

The study found that 56% of people had used a PCW in the previous two years. Just over half (52%) of users had switched suppliers or purchased directly through the website. The most popular market for switching using a PCW was car insurance, with 77% of users having used a PCW to switch car insurance suppliers.

The report identified that whilst consumers have a general level of trust in PCWs, more could be done to provide clear, sufficiently detailed information to assist in their decision making process. The report urged PCW operators to ensure "independence, impartiality and transparency", by providing clear explanations for the different search result types and providing accurate and comprehensive quotes. It also urged regulators to continue to work with PCW operators to address switching barriers and to raise awareness of accreditation schemes: the research found that 84% of consumers were not aware of the existence of any independent PCW accreditation schemes.

In support of the need for independence, impartiality and transparency, a 2015 Citizens Advice report⁹ found that whilst PCWs have started to help "address the traditional imbalances in information and power between consumers and suppliers" there was still a need for the operators to build trust with consumers. The trust consumers have with PCWs is passive, with 73% of users describing them as 'fairly reliable', but with 54% scoring PCWs as poor in regards to their clarity about whether companies can influence their ranking by paying commission.

There have been concerns about PCW marketing claims that they save consumers money. In 2012 Consumer Focus and eDigitalResearch¹⁰ found that PCWs saved consumers money on only 21% of

⁸ Price Comparison Websites. Consumer perceptions and experiences, Consumer Focus 2013.

<http://webarchive.nationalarchives.gov.uk/20140728011208/http://www.consumerfutures.org.uk/files/2013/07/Price-Comparison-Websites-Consumer-perceptions-and-experiences.pdf>

⁹ https://www.citizensadvice.org.uk/Global/Migrated_Documents/corporate/the-real-deal-final.pdf

¹⁰ <http://webarchive.nationalarchives.gov.uk/20140728011208/http://www.consumerfutures.org.uk/files/2013/05/Comparing-comparison-sites.pdf>

purchases and that many PCWs did not disclose compulsory charges such as suppliers' booking fees.

In 2012 the European Commission launched a multi-stakeholder group to look into the issues and how comparison tools could be improved for consumers. In 2016 the group agreed Key Principles for Comparison Tools¹¹. The Principles relate to business model transparency, information regarding the type of methodology used, identifying advertising, accuracy of information, and trustworthiness of user reviews. Although, these principles are a useful tool to drive standards up, they lack binding measures to ensure compliance.

In 2013, Citizens Advice¹² and eDigitalResearch examined consumer awareness of and preferences for accreditation schemes, particularly in relation to PCWs. Consumers felt that the voluntary nature of the schemes caused them to be perceived as less valuable.

In September 2016, the UK Regulators Network (UKRN) released a report¹³ on PCWs. Speaking on a BBC Radio 4 'Money Box' programme¹⁴ the following month, the chief executive of Ofgem, Dermot Nolan, said that PCWs are "commercial enterprises" and consumers should be wary when using them. He explained that regulators and competition authorities have a role to play in setting rules to ensure that PCWs are effective and serve the needs of consumers.

In 2013, Consumer Futures¹⁵ explored NGIs, pointing out the need for regulators to ensure that regulation keeps up with the ongoing developments in the comparison tool market. The work raised concerns about some consumers being left behind by the advancements in comparison tool technology. Not enough was known about whether vulnerable consumers might face barriers to engaging with comparison tools that require confidence, including in using the Internet in general.

The Consumer Futures' 2013 research¹⁶ had explored consumer appetite for new, advanced price comparison tools, including collective switching, data analyser services which switch for consumers

11 http://ec.europa.eu/consumers/consumer_rights/unfair-trade/docs/key_principles_for_comparison_tools_en.pdf

12 https://www.citizensadvice.org.uk/Global/Migrated_Documents/corporate/price-comparison-website-accreditation-research-report.pdf

13 <http://www.ukrn.org.uk/wp-content/uploads/2016/09/201609027-UKRN-PCWs-Report.pdf>

14 <http://www.bbc.co.uk/programmes/b07wmzx8>

15 <http://webarchive.nationalarchives.gov.uk/20140728011208/http://www.consumerfutures.org.uk/files/2014/01/Next-Generation-Intermediaries.pdf>

16 Price Comparison Websites. Consumer perceptions and experiences, Consumer Focus
<http://webarchive.nationalarchives.gov.uk/20140728011208/http://www.consumerfutures.org.uk/files/2013/07/Price-Comparison-Websites-Consumer-perceptions-and-experiences.pdf>

based on their personal consumption data (NGIs) and mobile apps which address the general trend for consumers wanting services on the go.

In 2014¹⁷, Consumer Futures and Ctrl-Shift explored developments in the comparison tool market. This raised questions regarding the neutrality of regulators and whether they should actively support new generation intermediaries to increase the chances of their success. The work identified a key barrier to effective regulation of price comparison websites: regulators are currently set up for specific individual industries, but consumers use price comparison websites across a range of markets and need clear reassurances that the comparison sites are adhering to high standards for all industries. An accreditation scheme that would allow consumers to see a standardised approach to regulating price comparison websites would be most beneficial to them.

Purpose of the current study

This research aims to update the understanding of consumer behaviour and attitudes in relation to PCWs and NGIs. It is designed to understand the attitudes and behaviours of different consumer types in relation to switching suppliers via PCWs and NGIs. It examines whether NGIs are succeeding in helping more people to find better deals and how consumer engagement with PCWs and NGIs could be improved.

The specific objectives for this study are as follows:

- A. To understand how consumers currently perceive, interact with and use price comparison tools and next generation intermediaries
 - Including those who do not currently use them
 - Including those who may use different channels, eg telephone or high street broker
- B. To ascertain what issues must be addressed in order to improve their functionality and effectiveness, in a way that would encourage greater engagement from consumers
 - Are there common issues for users who may be at different stages of the journey, either as a first time PCW user or as a potential NGI user?

¹⁷ [http://webarchive.nationalarchives.gov.uk/20140728011208/http://www.consumerfutures.org.uk/files/2014/01/The Rise-of-the-Consumer-Empowering-Intermediary-Ctrl-Shift.pdf](http://webarchive.nationalarchives.gov.uk/20140728011208/http://www.consumerfutures.org.uk/files/2014/01/The_Rise-of-the-Consumer-Empowering-Intermediary-Ctrl-Shift.pdf)

[http://webarchive.nationalarchives.gov.uk/20140728011208/http://www.consumerfutures.org.uk/files/2014/01/The Rise-of-the-Consumer-Empowering-Intermediary-Ctrl-Shift.pdf](http://webarchive.nationalarchives.gov.uk/20140728011208/http://www.consumerfutures.org.uk/files/2014/01/The_Rise-of-the-Consumer-Empowering-Intermediary-Ctrl-Shift.pdf)

- What needs to be in place in order to increase confidence in use or move consumers along to the next stage of engagement?

Research Method

A substantial qualitative study was designed to observe how people use PCWs, NGIs and other digital tools, how adept they are at using them and to explore barriers to more widespread use.

In light of the number and nature of the aims and objectives of this research, a mixed methodology design was used.

This consisted of three elements:

- A consumer usability exercise with price comparison websites (PCWs) and next generation intermediaries (NGIs), undertaken via Hall Tests¹⁸
- Qualitative face-to-face interviews among 'vulnerable' consumers to obtain a better understanding of attitudes towards PCWs
- An online community amongst NGI / digital tool users to understand what had prompted these consumers to adopt these NGIs / digital tools their experiences of the sites and services and their perceptions of other NGIs

All fieldwork took place between 11th November and 2nd December 2016.

In total, 178 consumers were involved in the research, and were recruited as distinct user groups.

	Number of research participants	Research Method
Moderate and Frequent users	46	Hall Test
NGI users	29	Hall Test and Online community
Non PCW users	49	Hall Test
Consumers who prefer using offline channels	46	Hall Test
Vulnerable consumers	8	In-home interviews
Total	178	

¹⁸ Hall tests mean that interviews are conducted in central locations, such as community halls or function rooms, usually close to a high street or shopping centre. In this instance, the central locations were equipped with laptops and respondents completed an exercise on price comparison websites.

Distinct user groups were recruited to represent specific behaviour, rather than being a representative spread of the population, and as such, the report is qualitative. The cell sizes for each user group were not designed to be statistically significant as the study was designed as a substantial qualitative exploration.

It was necessary to recruit a mix of NGI / other digital tool users as penetration levels of 'pure' NGIs is estimated to be less than one per cent of the population. Users of digital tools such as cashback sites and browser add-ons were recruited as these offer different services than PCWs and are a relatively new and increasingly popular way for consumers to find good deals.

Full details of the research method, materials used, PCWs, NGIs and other digital tools referred to can be found in the appendix.

Findings

1. A consumer's level of confidence is the most significant factor in determining whether they find the best deals on the market

This section aims to outline what drives the participants in this research to find better deals, the techniques they are using, and how this may differ depending on whether the consumer is confident at finding deals or not.

The key headlines are:

- All types of consumers are looking for better deals
- Over half of the participants in this study were in 'the know' on how to find the best deals
- PCWs have helped some consumers to find better deals, but others are left behind
- Consumers can be grouped in different ways – but ultimately, when it comes to getting the best deals, there is a two tier market - those who can, do; and those who can't, don't
- Applying the BEIS model²⁰ to this research study – empowerment is akin to confidence in deal finding which is the most significant determinant of whether and how consumers find the best deals

²⁰ Department for Business Innovation and Skills empowerment segmentation model

1.1 All types of consumers are looking for better deals

Many consumers mentioned feeling a greater consciousness of / more worry about money nowadays, which motivates them to reduce bills. For the 55% of research participants who are confident, know how to look for good deals and have ready access to technology, they have been able to save time and money through new products and services which are readily available online. But not all consumers know how to access these deals, and they are being left behind.

Across different income levels, many of the research participants mentioned being more conscious about money and less secure about their financial stability. Since the financial crisis in 2008, the Government has implemented austerity measures and introduced changes to benefits, including the Universal Credit initiative.

'I'm so worried about Universal Credit coming in, as they've said it will mean that I'm going to have to wait for two weeks without getting any money, I don't know what I'll do'

Unconfident deal finder, Hall Test, Hall Test, Cardiff

Even for the more affluent consumers, some participants in the research feel more job insecurity due to an uncertain future, particularly with the impact of Brexit still being unclear.

'You've just got to watch the pennies, because you never know what might be round the corner'

Confident deal finder, Hall Test, Cardiff

At the same time, some consumers in the study felt that some bills are increasing every year, such as energy, to the extent that they feel increasingly unaffordable.

'I just have to keep my heating off unless it's very cold. I just don't have the money to manage the electricity bill any more'

Unconfident deal finder, Hall Test, Hall Test, Cardiff

These factors have encouraged many of the participants in the study to think about their bills more, and find ways to reduce them. 78% of the research participants stated they were switching in more categories, due to the rise in availability of price comparison websites; these were overwhelmingly the confident users who use PCWs regularly.²¹ However, not all consumers are aware that bills can be

²¹ Illuminas Hall Test survey findings, January 2017, N=45 'Do you feel you are switching in more categories, more often, due to the rise in availability of price comparison sites; N=35 agreed

reduced by switching suppliers, or how they would go about it. Some of older research participants felt that switching suppliers was relatively new to them, as it used to be the 'norm' to stay with their established suppliers. Without realising that they could save money by switching, these older consumers had assumed that it was better to be loyal to a supplier, and somewhat risky to switch to a new, unknown supplier.

'My housing association runs workshops, one of which was on managing budgets on a low income, and I learnt that you should review your bills and look to switch suppliers. I was really surprised – I'd never even thought of it.'

Unconfident deal finder, Hall Test, Stockport

1.2 Some consumers are in 'the know' on how to find the best deals

With the wide ownership of internet-connecting devices and adoption of an ever-increasing range of apps and services, some research participants have become more empowered, allowing them to make informed decisions, in their own time, in their home or on the move.

The research found that many of those who do not or cannot engage with technology are being left behind, and miss out on these advantages. In the study, there were some participants (13%) who preferred offline channels to find the best deal. They accounted for 23 respondents, and were a mix of age, social grade and gender.

This study has found that some consumers appreciate new supplier brands and services as they have increased competition, resulting in some consumers changing suppliers and using intermediaries to help them do so. This has been the case in some traditional markets such as energy, where there are now over 42 energy suppliers beyond the Big 6²², some of which offer collective purchasing. New digital services, with different business models to traditional brands include cashback sites, such as Quidco and Topcashback and web browser add-ons, such as Invisible Hand, all of which offer to provide better deals for consumers.

Some of these new brands and services have provided lower prices to consumers, and has exposed some established brands for penalising inert or loyal customers. The 98 confident participants in the research described feeling more informed and in control of their purchasing decisions, and many have learnt to negotiate more, resulting in the balance of power shifting away from suppliers, in favour of consumers. Some consumers felt quiet resentful to their suppliers, as they suddenly felt they were

²² The Big Six energy suppliers are British Gas, Npower, Eon, EDF, Scottish Power and SSE

being overcharged.

I'm going to get straight on the phone to my insurance provider and ask them to justify why I could get a quote so much cheaper on a PCW – it's absolutely criminal. I feel so cheated by them.

Unconfident deal finder, Hall Test, Hall Test, Cardiff

However, not all consumers in the research know that these new brands and services exist, whether they be suppliers or intermediaries, and do not have the confidence or resources to use them, or find their processes too complicated and off-putting.

1.3 PCWs have helped some consumers to find better deals, but others are left behind

In regulated markets with complex pricing structures and many tariffs, PCWs are seen by regulators and policy makers as a key tool in enabling choice and switching and thus driving competition. Many consumers who use them²³ share this view, as they find benefits from using them by saving time and money.

It's so much better than it used to be when I had to phone all of the energy companies directly – I had to write down all of their costs and then try and work out the best deal – it took forever.'

Confident deal finder, Hall Test, Hall Test, Watford

The needs and behaviour of those who are very confident with digital tools were recruited onto the online community. All eight of these research participants have been using PCWs for many years, and have explored new services enabled by technology, such as Carwow, Quidco and Aviva Drive. In different ways, these services go one step further than a 'standard' PCW, in providing a highly tailored offer / price based on the consumer's very specific requirements or behaviour.

Some of even the most confident users in this study have become increasingly wary of PCWs for several reasons - diminishing returns by switching, expected savings not transpiring and, for some, a feeling of uneasiness in submitting their details to too many sites. Some consumers have concerns about the lack of transparency of PCW business models, the passing on of their data to third parties and the subsequent barrage of sales calls and emails.

²³ According to Consumer Futures research 56% of people declared they had used a PCW in 2013, and 52% switched or purchased directly through a PCW. Source: Price Comparison Websites. Consumer perceptions and experiences, Consumer Focus 2013

'I have set up a different email account which I use for PCWs, just so that I can avoid all the SPAM emails clogging up my inbox'

Confident deal finder, Hall Test, Bexleyheath

Despite the concerns, most PCW users find the benefits gained outweigh any concerns, particularly in complex markets such as insurance and energy.

'I prefer not to think about how they are paid and whether they are really giving me the best possible prices – all I know is that I have saved loads of money by using them and that's good enough for me'

Confident deal finder, Hall Test, Cardiff

The eight vulnerable consumers in the in-home interviews in particular felt they are being left behind as they cannot or do not use PCWs or other digital tools. There can be several reasons for this, including lack of experience with and ownership of technology, low levels of confidence to switch from existing suppliers, lack of time, and even lack of realisation that better deals can be found.

'I never really used computers much in my job, and then I retired and so have just never cracked it. I went to a computer course on computers at my local library but the teacher went too fast for me, and I ended up feeling stupid.'

Older vulnerable consumer, In-home interview, Bushey, Hertfordshire

1.4 Commonalities between BEIS model and this research study

This research was designed to examine how digital tools, including PCWs and NGIs empower consumers. It examines groups of consumers with different levels of engagement with digital tools.

The Department of Business, Energy and Industrial Strategy (BEIS) has devised a segmentation model which illustrates how consumer empowerment varies, with some groups of consumers struggling to engage fully with markets²⁴. This segmentation was a useful overlay for the analysis for this study.

The BEIS segmentation model identifies five consumer segments:

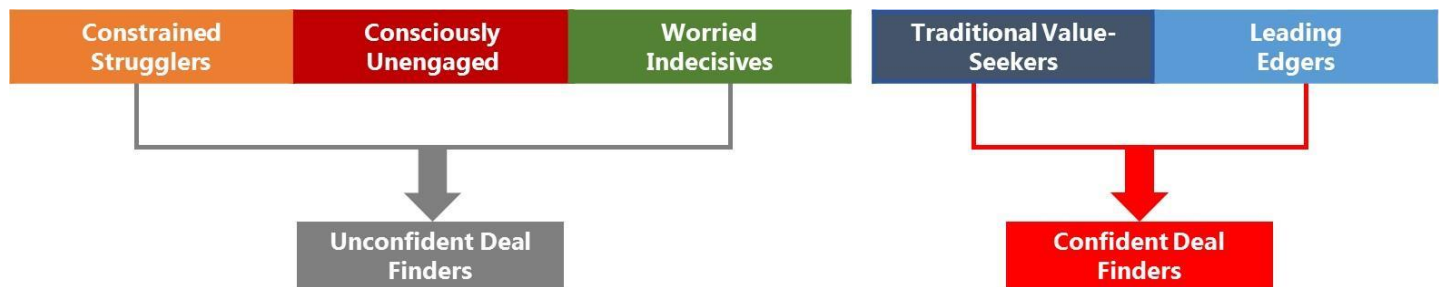


This research study did not use the BEIS segmentation as a recruitment criterion, as it was more

²⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/413511/BIS-15-208-consumer-empowerment-survey.pdf; A description of each segment is included in the Appendix

important to observe and understand the behaviour of different types of user group – ie. those who use PCWs / digital tools or NGIs, those who don't, and those who prefer to use offline channels rather than the internet.

However, in the analysis of the findings, there were similarities with the BEIS segment descriptions, which has the key discriminating characteristic being *empowerment*. This research found that *confidence in finding deals* was the most significant determinant in those who uses digital tools, and those who needed help in doing so, with some consumers being confident deal finders and others unconfident about how to find the best deals.



There are some consumers who love a bargain, and will actively seek out the deal which suits them the best. In this research, as consumers were recruited to either use or not use PCWs or NGIs, we found that those who were confident in finding deals were also more confident with using technology, and did so regularly.

The 80 respondents who were less Confident deal finders also tended to be less confident with technology, either as they didn't have easy access to computers and hence never built up experience of using them; or those who were wary of using a computer and therefore avoided using it if they could.

This research encountered consumers who dispel the assumption that age or income determine confidence in using technology to find deals. This is not necessarily the case, with very low income consumers sometimes being very confident in their use of technology, enabling them to find good deals and examples of younger, more affluent consumers who are not at all confident using technology, unable to find the best deals as a result.

In simple terms, we found that there is a two-tier market – those who have confidence to use a range of tools to get the best deal, and those who don't. Throughout this report, we will refer to this simple segmentation approach based on confidence, referring to respondents as either Confident deal finders or Unconfident deal finders.

1.5 Confident deal finders (55% of research participants)

The defining characteristics of consumers who use the internet and digital tools to help them find the best deals are general confidence, an interest in bargain hunting and ownership of technology.

In this study, of the 178 participants interviewed, 55% were confident in their ability to find good deals, especially using technology. These were made up of four user groups – i.e frequent and moderate PCW users, NGI users and half of those who prefer offline channels, such as telephone or face to face, but do so because they feel they are able to get a better deal by this type of interpersonal interaction.

Confident deal finders are reaping most benefit from digital tools as a means to finding the best deals. They know where to search, how frequently to switch and which lines of communication can offer them the biggest savings.

They have experience of using a range of digital tools and are able to readily evaluate new sites and applications, and determine whether they will provide greater benefits than their current methods – for example, offering more savings or saving time.

For these consumers, using PCWs and other digital comparison tools is second nature, with 79%²⁵ of purchases now made only after checking prices online.

Due to their levels of experience and knowledge, these consumers feel confident in using a range of techniques to find the best deal. They have learnt that they may need to check several PCWs, and even phone suppliers directly in order to get the best deal.

23 of these consumers prefer dealing with suppliers over the phone, as they are able to negotiate; sometimes they may use a PCW to inform this negotiation, as they have been able to see what deals are available in the market.

Given that many NGIs involve less effort on the part of the consumer, a logical conclusion might be that NGI users are less adept or willing to shop around themselves. However, in this research, the 29 participants who were NGI users were Confident deal finders, who are already using a range of digital tools, including PCWs, to help them get a better deal.

Confidence is a more important influencing factor than socio-economic group, and even than age. In

²⁵ Citizens Advice Against the Clock, November 2016

the research, there were participants who were from lower social grades and older who were extremely confident using the internet, and finding the best deals; the converse was also found, with younger participants who were unconfident in looking for best deals, and did not use technology to help them with this.

Case Study – Confident deal finder, Hall Test in Bexleyheath

Linda, retail worker, early 20s

- Linda is a single mum who lives with her grandparents
- She has grown up using the internet and is very confident, swift and capable of finding good deals
- Her car insurance renewal quote was £1400, and so she undertook a comprehensive search for cheaper options
- By reviewing different PCW sites, she found a quote for £500
- Ordinarily she would phone up the supplier directly to check all the details, but as the quote was £900 cheaper than any other she found, she did the transaction online, as she wanted to ensure that this special deal wasn't rescinded
- She helps her grandparents with their bills and suppliers, by doing PCW searches for them
- She is so confident and proficient in finding great deals and exploring all types of digital tools that she does not need any additional help in doing so

Case Study – Confident deal finder and digital tool user, Hall Test in Cardiff

David, mid 30s

- David is married with two teenage children
- Although financially comfortable, he is very conscious of saving money where he can
- He is a very competent internet user, and has used PCWs for years
- He will use multiple channels to get the very best deals and gains great satisfaction from doing so
- He discovered Quidco and Topcashback five years ago and used these digital tools to help him get the best deals
- He is very confident in using a range of digital tools for many purchase decisions – whether it's for shopping or choosing household suppliers
- He will compare and contrast deals found on PCWs and the cashback sites to work out which will provide him with greater savings. He may even do these comparisons whilst in a store, and will often follow up with several phone calls to a supplier if he feels that these different approaches will get him the best deal
- He shows family and friends how to use these tools to get better deals

1.6 Unconfident deal finders (45% of research participants)

The research found that some consumers are not natural bargain hunters and are likely to stay with their existing providers. They may not realise they could save money by switching, or using a PCW to inform themselves on the best deals they could get.

There are also those who do realise they could get better deals, and would like to reduce their outgoings, but they are risk-averse and insufficiently confident in switching and using PCWs. They do not use the internet regularly, and have limited access to technology, and so have little confidence in using digital tools. They fear that the process will be difficult and time consuming, and worry about making mistakes, which could result in them making the wrong decisions or leading to actual increases in their household bills.

In this study, of the 178 participants, 45% were unconfident in their ability to find good deals, especially using technology. All of the user groups which had not used a PCW in the last year were Unconfident deal finders, in both the in-home interviews with vulnerable consumers (8 participants; 4% of total research participants) and in the Hall Tests (49 participants; 28% of total research participants). In addition, half of the user group which preferred to use offline channels were unconfident (23 participants; 13% of total research participants).

These Unconfident deal finders, making up 45% of this research sample, seem no more likely to switch suppliers nowadays than they did several years ago. Changes in technology, and the launch of new brands and services has not increased their appetite or confidence to switch.

The most Unconfident deal finders were the eight vulnerable customers who were interviewed in their own homes. They felt excluded from the whole topic of finding the best deals for a range of reasons:

- Lack of ownership of technology
- Lack of experience and ease in using the internet
- Lack of awareness and understanding of digital brands, such as PCWs
- Lack of understanding that switching suppliers could help reduce costs, and is relatively easy once you know how
- Older vulnerable consumers felt that switching suppliers was a relatively new phenomenon, and they felt unconfident to consider changing as they expected their 'loyalty' or tenure would be rewarded in some way if help from the supplier was ever needed

Case Study – Unconfident deal finder, Hall Test in Cardiff

Georgina, retired council worker, late 60's

- Georgina is on a very low income; she has no bank account; is part of a Credit Union
- Due to costs, she has no computer or broadband at home, nor an email address
- She uses her local library to use the internet as the first 15 minutes are free
- Is concerned about inputting her personal information into public computers
- Is unconfident in knowing how to get good deals; she was on the Age UK / Eon deal and was very disappointed in Age UK to find that it was not a good deal; as a result is no longer certain who to trust; she rarely switches, despite high bills
- She found the Hall Test exercise overwhelming and time consuming, but is interested to try again as she could see that she could reduce her outgoings
- In order for her to have better access to more deals, she needs encouragement to reduce her bills
- She would need easier, free access to computers, to build up her experience and confidence and to understand how to safeguard her personal information
- She would also need training or guidance on how to use PCWs across a range of markets

Case Study – Unconfident deal finder, Hall Test in Cardiff

Gail, holistic therapist, mid 50s

- Gail lives alone in a small house in Cardiff; her bills seem high for a single person, with home insurance costing £400 per year
- She uses her smartphone and tablet frequently to look things up on the internet
- She prefers to actually transact over the phone or in person as she wants reassurance that she's not making a mistake
- She used a PCW once to switch car insurance providers, but made a mistake in selecting a new deal, and ended up switching back to her original provider
- She has lost confidence in her ability to find the right deal using PCW as a result
- The Hall Test exercise was to review home insurance costs. The process was time consuming as she read every question and additional information in detail, as she was concerned about making a mistake
- She found quotes for £97 per year, from a well-known supplier, which would save her over £300 per year

- In order for her to have better access to more deals, she would need to be shown how to use PCWs to increase her confidence.

2.0 Regulated markets are not equal

Many of the regulated markets under evaluation have changed over the last ten years as a result of greater competition and technological advances. In some cases, this has resulted in better deals being accessed by the consumers who are aware of them.

The key headlines are:

- 79% of research participants agree that price is a key component of the 'best' deal²⁶
- A consumer's confidence affects how deals are evaluated
- The balance of power between suppliers and consumers is perceived to differ by market
- Switching behaviour differs by market

2.1 What is the 'best' deal?

In this study, consumers' definition of the 'best' deal vary, depending on the complexity of the market, the time available to them and various behavioural biases such as considering well-known brand names as a proxy for quality and good customer service.

Most participants agree that price is the most important component of a 'best' deal.²⁷

- 79% of consumers say price is an important component
- 11% say deal content / specification of the offer is an important component
- 10% say a well-known brand name is an important component

Some consumers will weigh up all three of these factors together, to provide an overall sense of 'value for money'.

'I always check the cover offered and defacto rating rather than just going for the cheapest price, especially with insurance.'

Confident deal finder, NGI online community

Where participants in the study did not agree is on how to get the best deal in different markets. The

²⁶ Illuminas Hall Test survey findings, January 2017, N=92

²⁷ Illuminas Hall Test survey findings, January 2017, N=92

'rules of the game' are not clear and consistent across markets. Often prices online are thought to be lower than in shops, but not always:

- Some consumers say that phoning a supplier directly can reap more rewards than buying online
 - This was particularly the case for the 23 research participants who were Confident deal finders, who preferred using off line channels
- Buying as a new customer often results in lower prices than being a longstanding customer

The result of this lack of consistency is that many consumers in this study did not feel they can trust organisations, whether they be a supplier or an intermediary. They feel the need to shop around amongst suppliers and amongst several intermediaries, despite feeling that this it is time-consuming, but they feel they have no choice in order to get the best deal.

'Day to day life is very busy for most people and the last thing you want to do after being at work all day, sometimes on a computer as well, is to trawl through site after site trying to save a bit of money.'

Confident deal finder, NGI online community

Many Confident deal finders feel great satisfaction when they find a better deal as it gives them a sense of taking control. But not all consumers have the skill, confidence, access to the right technology, time and know-how. But for some consumers, the reason for not switching is 'inertia'. Despite knowing that better deals can be found, some consumers do not feel motivated to look for them.

'I've asked a couple [of my friends about switching using PCWs or NGIs] and they just can't be bothered and it's not as if they are so rich that they can afford to pay hundreds more, but they just stay on their full price Sky deal, paying standard rate energy!'

Confident deal finder, NGI online community

In each market there are different drivers and barriers to switching:

Market	Drivers to switching	Barriers to switching
Travel insurance	<ul style="list-style-type: none"> Lowest price gained through switching 	<ul style="list-style-type: none"> Vulnerable consumers need reassurance that they will get the correct cover These consumers may have complex requirements for travel insurance
Car & Home Insurance	<ul style="list-style-type: none"> Substantial savings can be made Loyalty is not rewarded 	<ul style="list-style-type: none"> Time-consuming process Consumers don't always have answers to all the questions insurers ask and fear that if they get answers wrong, the policy may not be valid Less confident consumers feel that loyalty may count if ever they need to make a claim
Airfares	<ul style="list-style-type: none"> Lowest prices gained through comparing different providers 	<ul style="list-style-type: none"> Some consumers think that prices on PCWs increase on repeat enquiry
Energy	<ul style="list-style-type: none"> Substantial savings can be made New customers get better deals than existing ones 	<ul style="list-style-type: none"> Switching can be perceived as complex / confusing Bills overlap, final bill can be surprising if all previous readings have been based on estimates Lump sum payments required to old or new provider Delayed refunds when old balance is in credit Terminology is complex, and many lack understanding of what it means
Mobile phones	<ul style="list-style-type: none"> Price Few well-known suppliers make it easy to compare 	<ul style="list-style-type: none"> Loyalty can be rewarded and effort is made to keep existing customers, especially if they threaten to leave Risk of poor telephone reception
Broadband	<ul style="list-style-type: none"> Few suppliers which are easy to compare Promotions can bring significant difference in prices 	<ul style="list-style-type: none"> Loyalty can be rewarded Hassle to change passwords, new numbers and channel guides May require hardware installation Fear of service disruption Early termination fees
Holidays	<ul style="list-style-type: none"> Lowest prices gained through switching 	<ul style="list-style-type: none"> Holidays are felt to be too important to take risks on; Unconfident deal finders often re-book with the same trusted supplier, especially if reassured by accreditation bodies such as ATOL

2.2 A consumer's confidence affects how deals are evaluated

Deal evaluation criteria differ by market and whether the consumer is a Confident or Unconfident deal finder. Generally, The 98 Confident deal finders look for the lowest price for a specific package. In the research, the 80 Unconfident deal finders stated they are more likely to take other factors into account, such as brand names and recommendations from a trusted source. For the eight research participants who were vulnerable, the certainty of staying with the same supplier, as they fear that change may result in some type of disruption.

Evaluation criteria by market		
	Confident deal finders	Unconfident deal finders
Travel insurance	Price & cover	Brand & recommendation
Car and Home insurance	Price, brand & cover	Ease – renew unless big price hike
Airfares	Price, brand & flight details	Brand & recommendation
Energy	Price	Brand
Mobile Phones	Price for device & tariff Brand for reception quality	Brand for reception quality Price for tariff
Broadband	Price for required package	Price for required package
Holidays	Brand name & price	Brand name & price

2.3 The balance of power between suppliers and consumers is perceived to differ by market, as is switching behaviour

2.3.1 Car & Home Insurance

Many consumers in this study did not feel that loyalty pays in car and home insurance. The 55% who do use PCWs often find better offers for new customers, with the same provider and from other suppliers. As a result, this study found that many consumers check insurance prices every year, prompted by the

annual renewal letter, and have become accustomed to switching, more so than in the other markets under review.

Consumers feel that the balance of power in an existing relationship seems to lie with the supplier, and the only form of control that consumers have is to leave, or threaten to do so.

'I switch both my car and home insurance every year. As soon as I get the renewal letter, I'm straight onto the comparison sites to see whether I can get a better price. I've found that you don't get rewarded for loyalty anymore, so I usually switch' Confident deal finder, Hall Test, Bexleyheath

For those Confident deal finders who do switch regularly, there are a minority who are willing to trade off a well-known brand name for a lower price. These consumers will check an unknown brand name for customer reviews, and for the opinions of any third party commentators, such as Martin Lewis or Which?

Unconfident deal finders may get help from friends and family, especially in these markets in which loyalty is not felt to be rewarded. Some of the older research participants were happy to receive help from family members, who were able to help them find better deals than their existing provider was offering, via a PCW. They appreciated this help as they would not have had the confidence or skill to try this approach themselves.

'My daughter came round and we looked at my home insurance together – she made me have a look at it – and she went on the computer to look for better prices' Unconfident deal finder, Hall Test, Watford

2.3.2 Energy

In this study, many participants mentioned their lack of trust in energy suppliers, more so than in the other markets under review. This mistrust was rooted in the lack of understanding of tariffs, inaccurate bills and poor customer service. The 90 Confident deal finders, who regularly use PCWs find them invaluable in saving the time and effort to find the best deal, to the extent that some frequent switchers no longer remember who their energy provider is, as they have switched so many times.

'I used to have to phone around all the different energy companies, and I'd scribble down all their costs – it was so confusing. PCWs take all that hassle away, so you can just choose the cheapest really easily' Confident deal finder, Hall Test, Stockport

Some research participants found energy pricing bewildering in spite of Ofgem's requirement for suppliers to make choices simpler, by limiting each supplier to four tariffs. Based on the consumer reactions in this research, it could be the case that there is an increase in reliance on PCWs as this 'cap' was lifted in September 2016.

Some experienced PCW users are finding diminishing returns from switching. They are not clear on the cause of this – whether it relates to 'Phantom switching'²⁸, or misleading projections from PCWs or the energy provider themselves. This has caused some Confident deal finders to review prices annually, but only switch if the savings appear to be high and guaranteed.

Some Confident deal finders are attracted by the lower prices of lesser-known brands, and will check for customer reviews and on Martin Lewis' Moneysavingexpert.com before they sign up.

'If it's cheaper, and Martin Lewis says it's OK, then I'll happily switch. I need a bit of reassurance first, but I'm not bothered if it's not a well-known name as long as I'm saving money'

Confident deal finder, Hall Test, Bexleyheath

The Unconfident deal finders in this research switch energy providers less frequently, if at all, especially those which are vulnerable, as they think the process will be extremely complex and fear making a poor decision. Although they classify themselves as 'loyal', many are simply risk-averse and exhibit the systematic bias of 'inertia', sticking with the status quo because of fear of the unknown.

'I don't really like to change suppliers for something as important as the heating – what if I made a mistake and I was cut off? I'd rather just stay where I am – I've been with them for over 30 years'

Unconfident deal finder, Hall Test, Stockport

The study found that many consumers feel they have to remind themselves to review their energy tariff towards the end of the contract or fixed tariff term, as the product itself is intangible and therefore easy to ignore. It is felt to be unlike the insurance market, where a renewal notice from the supplier is treated as a prompt to review prices and suppliers.

Ofgem is currently considering how to trial better prompts, which, based on this research, is needed as the research participants made no reference to noticing any prompts or messages to encourage them to review their energy bills and potentially look for other deals.

²⁸ Radio 4 Moneybox feature on Phantom Switching 19.11.16 highlighting inflated savings expectations often result from Ofgem's mandated hypothetical calculation. The calculation requires the supplier or PCW to compare switching to a new tariff with the cost of being on the existing supplier's variable tariff for all but the remainder of the contract length.

2.3.3 Mobile phones and broadband

The participants in this study felt that there are more reasons to consider staying with existing mobile phone and broadband suppliers, rather than switching regularly. This is borne out by the relatively low switching figures in these markets. (7% in mobile phones; 6% in broadband, compared to 12% in energy and 33% in car insurance) ²⁹

These consumers feel the power is more evenly balanced between themselves and the supplier, compared to other regulated markets. They think this is due to the fact there are only three or four key brands, making it more feasible to contact suppliers directly, and that these operators demonstrate that they want to keep their customers.

'They have retention teams, and everyone knows the game to play – I've never switched as they've always given me a better deal than I could get elsewhere'

Confident deal finder, Hall Test, Stockport

Mobile phone and broadband suppliers are focused on retaining customers, with clear processes in place to try and achieve this. Consumers understand that they need to threaten to leave in order to receive the best deal – a lower price of their tariff, a better / cheaper handset upgrade, or other benefits. Tenacious deal finders will phone the supplier numerous times in order to get the deal that they want.

'I always get a great deal from my network – I phone them up and threaten to leave and they'll give me an offer; if it's not good enough, I'll phone a few times. I think I just wear them down!'

Confident deal finder, Hall Test, Cardiff

Some mobile networks undertake a proactive tariff review, which may result in the customer saving money. Participants in the research felt that this type of activity builds trust and confidence in the brand, reinforcing the likelihood of staying with their existing provider.

In addition to the positive actions taken by suppliers, either reactively or proactively, there are barriers to switching in the minds of the consumer. One such barrier is the risk of service disruption. The fear of no mobile reception or internet access is so great that many consumers would prefer to stay with their existing supplier rather than risk this.

²⁹ page 175 https://www.ofcom.org.uk/_data/assets/pdf_file/0019/63523/tce14_research_report.pdf

Another hurdle is an integrated 'bundle', which is the way many consumers said they buy broadband, along with fixed line telephone and TV. Consumers expect these bundles will be hard to disentangle, incurring effort and hassle.

'The thought of having to get used to new codes and channel numbers puts me off – as long as I get a decent deal, then I'd rather stick with what I'm used to'

Unconfident deal finder, In-home interview, London

Different types of mobile phone retailer, some of whom seem independent from the networks, are accessible on high streets and online and, for consumers, they perform the role that PCWs play in other markets. Consumers use mobile phone operators' websites and high street retailers to find the available deals. They then contact their existing supplier to try and negotiate the best deal, or switch to a better deal through a mobile phone retailer.

As a result of all of these factors, there is less use of PCWs by Confident deal finders in the mobile phone and broadband markets. The comparison sites seem less able to provide a better deal than some consumers can broker directly themselves, especially as they have limited options for complex, multi-phone situations, which can be used as a negotiating tool when talking to operators directly.

Of the Big 4 PCWs³⁰, only comparethemarket.com includes mobile phones and mobile phone tariffs. In the study, the consumer perception was that some of the dedicated mobile phone and broadband PCWs are much less sophisticated than operators' own or retailer sites. This may explain why there is less interest in mainstream PCWs for mobile phones and broadband.

2.3.4 Airfares, holidays and travel insurance

In the research, it became clear that the 'rules of the game' are less obvious in holidays and travel, as consumers are not certain how to get the best deals: whether direct from a tour operator or through an intermediary; whether online, by phone or face-to-face; and whether it is cheaper to buy holidays as a package or as separate components.

'I've found that you've always got to do quite a bit of homework to get the best deal. You've just got to hunt around.'

Confident deal hunter, Hall Test, Watford

³⁰ The Big 4 PCWs are Gocompare.com, Comparethemarket.com, Moneysupermarket.com and Confused.com

As a result of this, and the fact that holiday purchases are engaging,³¹ the research participants referred to shopping around and evaluation of multiple channels and providers in these markets more than in others, such as energy.

For many research participants, the exception was travel insurance, which can be included in packaged bank accounts, and is either rarely switched, or considered a commodity and bought based on price and cover through PCWs.

This was not the case for the older consumers and those with disabilities in this research, as they have to ensure that their travel insurance offers the right coverage for their needs. They were not confident to buy online, preferring a conversation, either on the phone or in person, to ensure that they would be fully covered.

3. Intermediaries are both friend and foe – it is important to understand both sides in order to determine how to ensure more consumers get better deals

The 90 research participants who use intermediaries feel that, on balance, they have provided far more benefits than downsides – they save time, money and reduce complexity, allowing quick and easy decision making when reviewing suppliers.

Learnings can be gained from the experiences of price comparison sites and applied to the development of emerging NGIs.

The key headlines are:

- Users feel there are many benefits provided by PCWs, but they also have concerns
- Non-users have the additional concerns borne out of lack of confidence in using technology
- Lack of transparency of PCWs leads to lack of trust
- Existing users shop around using PCWs in order to find the best deal
- NGIs are viewed as advanced digital tools, as are cashback sites and browser add-ons
- NGIs demonstrate benefits and barriers; more to unconfident users
- Other digital tools, such as cashback sites could be a 'stepping stone' towards greater engagement in finding better deals

³¹ See Citizens Advice report 'Against the Clock', November, 2016

3.1 PCWs

For the 90 Confident deal finders, PCWs are the first port of call when services are due for renewal, checking whether they are getting a fair deal from their supplier, considering a new purchase / subscription, or generally looking for ways to reduce their outgoings.

Benefits of PCWs as perceived by users
Save time, compared to contacting suppliers directly themselves
Provide better deals than suppliers offer directly, especially to existing customers
Convenient as they allow consumers to make decisions in their own time, at home or on the move
Online channel allows consumers time to understand offers and terminology, rather than feeling pressured
Provide simple choices, which is particularly helpful in complex markets
Hold suppliers to account, and has stimulated competition into markets where they operate
Allow users to feel informed and more in control, shifting the balance of power towards the consumer
Can be confidently used across a range of categories as both an information source and a way of switching
Provide additional benefit, such as free cinema tickets

'Sometimes I will shop around if I know of specific incentives on a PCW such as Meerkat Movies, Meerkat toys, wine or cashback..

Confident deal finder, NGI Online Community

PCWs do have some drawbacks, both for existing users, and particularly for those who cannot or do not use them.

	Perceived concerns of PCWs by users	Perceived concerns of PCWs by non-users
Lack of transparency	How sites make their money is not clearly understood and they are not considered to be impartial; there is lack of transparency in what is done with consumers' personal information, and whether it is sold, and if so, to whom	Non-users don't understand how PCWs operate, and cannot to relate to them as businesses; as a result they tend to be fearful of going into the unknown, and tend to stick with their existing suppliers, or switch by phoning suppliers directly
Trust	Unclear as to whether they are trustworthy	Unsure on trustworthiness of these brands, which are not familiar to non-users; Concerned about putting their personal details online, to new brands
Time	Time-consuming and require considerable effort to complete, especially if the consumer feels they need to review several PCWs to find the best deal	Those who have tried PCWs find the process very time consuming as they read every question carefully, and do not know the answers to each question
Outcome	Outcome is not as expected (e.g. Phantom energy pricing); price when clicked through to supplier site is often higher	Not clear what service they provide; benefits are not clearly communicated to non-users
Fear of mistakes	The need to complete complex forms online forms generates fear of making a mistake	Perceive the process to be complex, and easy to make mistakes; Prefer the reassurance that they have made the right choice, or not made any mistakes, provided by dealing on the phone or in person
Lack of consistency on how to get the best deals	Rules of the 'game' are not clear as PCWs are not always cheaper than going directly to providers, or using the phone for direct contact as opposed to looking at prices online; bespoke deals are not available on PCWs	
Lack of total market coverage	Not all brands are featured on all PCWs, which may result in consumers having to visit several sites if they have a brand preference, or in order to get the best deal. This can be time consuming and confusing, with some respondents wondering why it is not possible that all sites offer deals from all brands; Best prices available are often from lesser known brands, which do not appeal to risk averse consumers	
Third party 'spam'	Selling data to third parties can overwhelm consumers with 'spam' emails / phone calls, and can also result in missing good deals as the consumer ends up ignoring all the offers	

3.1.1 Lack of transparency results in lack of trust

The majority of users in this study didn't like to think too hard about how PCWs make their money, as they are grateful for the time and cost savings they provide, and would rather not challenge how these lower prices are obtained. However, when prompted, they feel that PCWs must make their money from selling their personal details onto third parties, and by getting commission from the suppliers.

I guess they get paid a 'bung' for every customer they send to the company- I'd never really thought about it before, but I guess that means that they put their favourite companies to the top of list'

Confident deal finder, Hall Test, Cardiff

Even on reflection of this, many Confident deal finders in the study felt that it was fair that PCWs are paid for their work, especially as they have built up very well-known brands, and provide a good service. Users are more comfortable with this type of remuneration than the selling of their data to third parties, as they feel that it is not made clear enough on PCWs that their personal information will be passed on. They do not like the fact that they need to remember to tick or untick a box, in order for their details not to be passed on.

I get SPAMMED immediately if I don't remember to untick the box, so I assume they sell my details onto other companies. I've set up a separate email address so that my main account doesn't get clogged up'

Confident deal finder, Hall Test, Bexleyheath

In the study, it was clear that some consumers don't fully understand that PCWs are businesses. Some expect them to be a 'consumer champion', and therefore completely fair and impartial, but this is sometimes called into question, particularly when they have found that some suppliers aren't listed on all PCWs. This lack of whole market coverage challenges their perception of the PCW impartiality and makes consumers confused about what type of business they are; whether they are there to make money, or to work on behalf of the consumer.

'I decided to look on a few others [PCWs] and I was surprised to see that there are different brands on some other PCWs. They should all really show the same companies so that we don't have to spend our time shopping around – we need a price comparison site to compare price comparison sites!'

Confident deal finder, Hall Test, Bexleyheath

This lack of transparency does raise concerns, and in some cases, has made consumers feel question what goes on behind the scenes with cookies and the technology which drives the PCWs.

'When we were booking a holiday, we could see that when we searched from the same laptop, the price of the flights increased but when I looked on my iPhone at the same site, the prices were lower.'

Confident deal finder, Hall Test, London

3.1.2 Existing users shop around using PCWs

Existing users either 'Google search' and use the first familiar PCW brand in the list generated by Google or have one or two tried and trusted 'favourite' PCWs. Favourites tend to be well-known, established brand names with distinctive advertising and which are felt to have provided great deals in the past. These PCWs may well already have users' details from previous searches, which saves time.

Having used the PCW to identify potential deals, Confident deal finders adopt different approaches:

- A few stick with that site's results, feeling confident with the available deals
 - Especially if they prefer to limit the number of sites which hold their personal details and avoid having to re-enter information elsewhere
- The majority of the PCW users in the study shopped around a few sites to find the best deal
 - Confident deal finders may turn to industry specific sites if the mass market sites do not provide sufficiently attractive deals

'I always shop around PCWs, this is ensure that I get the broadest range of products/suppliers to get the most suitable and cheapest quote.'

Confident deal finder, NGI Online community

Some consumers do wonder why *they* need to go to the effort to shop around in order to find the best deal. As in the section above, some consumers don't understand how PCWs operate as businesses, and therefore don't understand why prices and brands can be different across the different sites. A few of the research participants thought it would be better if there was a central database holding all the suppliers and their deals, which can be accessed equally by different PCWs. This would mean that the consumer didn't need to do the work to compare deals across different sites, which they felt would be more reasonable.

'It doesn't seem fair that we need to do all the donkey work – really PCWs are meant to take all that hassle away from you. I don't really understand it.'

Confident deal finder, Hall Test, Cardiff

Many Confident deal finders have little hesitation in completing the transaction online, as long as they

feel that they have found the best deal. Some users even prefer online transactions to avoid call centres.

Some Confident deal finders take the information from PCWs and then phone suppliers to negotiate the best deal. Some prefer to make the final transaction over the phone so as to check final details, especially for high cost or complex purchase (eg holidays), or in order to control the number of websites holding their financial details.

3.2 NGIs are viewed as advanced digital tools, as are cashback sites and browser add-ons

The 29 NGI users in the research study had discovered the sites they use by recommendation from friends and family, or general internet browsing.

Those who have encountered NGIs did not regard their defining features to be either the need to input personal information or that the sites work by using their data to get deals on their behalf. Users found it difficult to clearly define or identify what an NGI is, or what they offer above other digital tools. The lines appear to be 'blurry', with NGI users consumers viewing them either advanced PCWs or another type of new digital tool. Because they do not recognise NGIs as a category, they do not think in terms of how other NGIs might appeal.

The sites which consumers feel are 'advanced digital tools' as opposed to strictly being NGIs are perceived to have some benefits over PCWs.

'Cheap Energy Club [perceived by the research participant to be an NGI] will consistently check for deals with no input from myself whereas the PCW will only find the deals from me physically checking which may be more time consuming. However, I do worry about the accuracy of the NGIs as I do not input the data myself each month.'

Confident deal finder, NGI Online Community

This is an important point, as, once trialled and trusted, the benefits of advanced digital tools can be appreciated by the user over and above PCWs. The challenge is therefore to gain their trust in the first place, in order to encourage trial.

3.2.1 Benefits and barriers of NGIs

i Confident deal finders

Confident deal finders would only use an NGI if it was faster, cheaper, quicker or better than their tried and tested approaches. Some Confident deal finders are so adept at using PCWs, other digital tools, or negotiating directly with suppliers that the benefits of NGIs are not obvious. In the research, some of these participants could not match their existing deals on the NGIs they were evaluating.

'At the end of the day the thing that makes me use [an NGI] is the price savings I make. I would use another one if it offered me better savings with the same benefits of only entering my details once and being able to control whether I switch or not and how often I am contacted by them'

Confident deal finder, NGI Online Community

Most of the NGIs discussed in the research³² didn't appeal to participants for a range of reasons, including:

Barriers to using NGIs amongst Confident deal finders	Reasons for concern
Unclear benefit	No compelling reason to spend the time changing behaviour
Unknown brand name	Trust well-known brand names and have more confidence that they will deliver their promise
Access to personal consumption data required	Creates a feeling of insecurity, especially with an unknown brand
Username for individual account required	
Website perceived to be poorly designed	Does not act to reassure the consumer that their concerns should be overcome
Upfront fee required in advance of getting the service (only required for one site)	Requires a leap of faith that greater benefits will be reaped in due course; hard with an unknown brand
Results are not instantaneous (only the case in two NGIs)	Immediate results are available from PCWs, making this service seem inferior; no clear explanation is given for this
Making the transaction on behalf of the consumer feels as if it requires relinquishing of control	The concept of the NGI switching on behalf of the consumer requires a leap of faith, which is difficult with unknown brands.

³² See appendix for full list of NGIs and digital tools discussed in the research

'OK we can stop right there! There is NO WAY I would put my phone number, username and password into this site – or any site for that matter. You'd have to be crazy to do that – it can open you to all sorts of scams'

Confident deal finder, Hall Test, Cardiff

As is the case with many Confident deal finders, NGI users will check customer reviews and refer to independent sources such as Martin Lewis to provide reassurance about a site. If they have any doubts, they do not sign up to a site or service.

'Data security would be the main issue. If a company was unheard of it makes people warier about the security of their data that is held.'

Confident deal finder, NGI online community referring to important considerations for non NGI users

'I have not heard enough about these sites to trust them with my personal information. I tend to trust sites that are advertised nationally on TV but I always chat to friends and family to see what sites they use regularly.'

Confident deal finder, NGI Online Community

ii Unconfident deal finders

For Unconfident deal finders, the barriers to using NGIs outweigh any perceived benefits. In addition to the concerns raised by Confident deal finders of allowing unfamiliar companies access to personal consumption data, Unconfident deal finders' lack experience with digital tools are a barrier to trying something new.

Additional barriers to using NGI amongst Unconfident deal finders	Reasons for concern
Lack of confidence and experience using the internet and digital tools	Less confident internet users are more likely to be 'followers', and less likely to want to try out new website
Time consuming completion of forms; no time saving in comparison to PCW in the first instance	The benefits of future time saving would not be reaped the first time the site was used

3.2.2 NGIs are stuck in a vicious circle

The main feature of NGIs is that they require access to personal consumption data in order for them to identify deals, but this requirement is a barrier to both Confident and Unconfident deal finders alike, especially as many NGI brands are currently unfamiliar. If the website does not look to be as well designed as those of established brands, they can come across as being less credible. As consumers are more wary of unknown brands, any additional cues which denote lower credibility acts as barriers to exploration and trial.

'If these were more widely advertised I could assume that more people have used them and therefore they would have been 'tried and tested' I may use the ones which require me to give less information to get an initial quote.'

Confident deal finder, NGI Online Community

NGIs were expected to benefit Unconfident deal finders as, once set up, an NGI should proactively alert users to deals without any more interaction. However, the least confident consumers have more barriers to adopting NGIs than Confident deal finders do and are less likely to be adopt them, especially prior to them becoming well known, mainstream brands.

3.3 Other digital tools, such as cashback sites could be 'stepping stones' towards greater engagement in finding good deals

Other digital tools such as Quidco and Topcashback are mainly used by Confident deal finders, and are definitely seen as ways to access good deals easily. Some respondents gave examples of comparing results from PCWs and sites such as Quidco to work out the best deal. In these comparisons, they would take into account the different structure of deals, with the former often offering a lower price or tariff, and the latter offering a higher price, but with a substantial cashback offer.

'It's so easy – it takes 5 seconds to buy through Topcashback – I've saved up £700 over the last couple of years from using it'

Confident deal finder, Hall Test, Cardiff

From the research, it appeared that digital tools such as cashback sites are easy, accessible ways to encourage more people to access good deals. They do not present the barriers which were found when evaluating the NGI sites, of having to allow access to personal consumption data. Although they do still require the consumer to spend time looking for a deal to suit their needs, both Quidco and

Topcashback are considered to be increasingly well-known, easy to use and provide immediate cashback benefits; those who use these sites were felt to be wise, 'canny' and up to date with the latest ways to find great deals.

'I've told loads of people at work about Topcashback – they see me as a bit of a deal 'guru'! I do it for my family as well'

Confident deal finder, Hall Test, Cardiff

It could be the case that cashback sites become useful 'stepping stones' in consumers' journeys towards greater engagement beyond PCWs, as once consumers use advanced tools like this, they may gain enthusiasm and confidence to try out even more digital tools, such as NGIs.

3.3.1 Shopping around using digital tools

Quidco users do shop around and compare prices offered on PCWs and other cashback sites. They will weigh-up the lower ongoing cost they could find on a PCW with the additional cashback they would get with a higher ongoing price on Quidco.

The concept of shopping around on NGIs seems limited. If consumers have to 'sign up' to a service, they expect to receive a tailor-made, proactive advice, rather than have to spend time shopping around.

As consumers are concerned about sharing their personal details with too many sites, they would be wary of signing up to several NGIs.

3 The experience of using comparison tools for the first time

The key headlines are:

- The 90 Confident deal finders in the research were adept at using a wide range of digital tools, and finding ways to minimise risks
- Many of the 80 Unconfident deal finders expected the experience to be overwhelming and found the first attempt time consuming and frustrating; however, most of these participants were so impressed with the deals they found that they wanted to gain more experience to build their confidence in using PCWs themselves; they would be most interested in trialling the well-known

PCWs, as they feel more confident in using sites which have been tried and tested by many other consumers

- When trying out an NGI for the first time, low awareness of the brand names, and the requirement to allow access to personal consumption data and account details presented barriers for most research participants.

Within the semi-structured interviews in the Hall Tests, many of the consumers were asked to use a comparison tool that they had not used before. The nature of the tool they were asked to use was driven by what they had already used, or not used. For example, consumers who had not used a PCW in the previous 12 months were asked to explore either a PCW or NGI; consumers who had used a PCW in the previous 12 months were asked either to review a NGI or a different PCW brand from the one they usually used; consumers who already use a NGI were asked to look at a PCW or NGI with which they were not familiar. Interviewers observed participants while they attempted to find a relevant deal on the selected tool.

4.1 Confident deal finders using new PCWs for the first time

The well-established PCW brand names (the Big Four) had met most Confident deal finders' needs of saving time and money for many years. They find these PCWs easy to use, partially because the sites already have captured and retained their details, allowing some time to be saved, but also because they have become used to answering the detailed questions and no longer find them difficult to answer.

As identified in Section 3, consumers have realised that they need to shop around several of the main sites in order to get the full range of suppliers and the best deal. As this in itself is quite time consuming, many research participants did not have the appetite to explore a fuller range of less well known / niche sites, tending to stick to a core few which have met their needs, and they are familiar with.

When exploring sites and services for the first time in the Hall Tests, Confident deal finders knew how to get second opinions on the trustworthiness of the service or brand, even if they haven't heard of them, such as by looking for customer reviews or checking with what they consider as an independent commentator such as Martin Lewis.

Indeed it is the curiosity of new services which has led them to find better deals in the past, and they have learnt how to mitigate any risks. As such, Confident deal finders are often open to new sites,

services or brands which can offer them great deals. They can quickly work out whether the new site can offer a better deal. In working out what a good deal is, they will trade off the brand names with the prices / tariffs being offered.

'This [new] site doesn't offer anything better than what I have already found – in fact, the brands aren't as well known as the ones you can get on Comparethemarket, and so actually these prices probably aren't that attractive really'

Confident deal finder, Hall Test, Watford

4.2 Confident deal finders using NGIs for the first time

Confident deal finders evaluated a range of NGIs and in some cases they compared the deals they found with ones they had already found using their tried and tested methods. Direct comparisons were hard to make for some markets, as the NGI sites such as Flipper, Mobillity and iChoosr did not provide an immediate response, or were not fully launched at the time of this research.

'On Flipper, they say they'll get back to me within 24 hours – well I could put the same information in to any PCW and get loads of prices immediately.'

Confident deal finder, NGI Online community

Few NGIs could demonstrate that they could offer better deals, quicker and easier than these consumers' current approaches.

The NGI sites which participants tested during the research sites lost appeal on at least one of these points:

- Requirement to allow access to personal consumption data – this was considered unacceptable, particularly as the NGI brands were not established or well-known
- Insufficient savings – prices offered were not as competitive as the deals which they had already found using their tried and tested methods
- Time – it can take longer for an NGI to provide a range of prices than many a Confident deal finder can get on a PCW
- Upfront fee – required in the case of tools like Flipper; despite the reassurance that the savings made would be greater than this fee, the need to pay up front put those off who were on very low income, and those who felt they could find these savings themselves immediately and with no up-front cost.

4.3 Experiences of Unconfident deal finders using a PCW

The 80 Unconfident deal finders in this research study did not use PCWs. Some of the least confident, and specifically the vulnerable consumers do not realise that they could save money by switching suppliers. They expect that loyalty is rewarded, especially by reputable established brands.

Unconfident deal finders often do not know how to find alternative suppliers. They are not necessarily 'tuned-in' to intermediaries, and many would not know how to find them on the internet.

I have seen these silly ads on the TV with the man with a moustache and a builder dancing on the floor, but I don't understand what they actually do'

Unconfident deal finder, Hall Test, Watford

As part of the usability testing, consumers with no recent experience of using PCWs were asked to use a PCW, either of their choice or one from a list. They needed encouragement to go onto a PCW. Some of the least experienced consumers did not know how to start with a Google search.

Those with minimal experience in using the internet found the usability of the sites challenging, especially the scroll down bars, drop down menus, multiple choice questions and new windows opening and many were concerned about making mistakes.

'I'm worried I'm going to break it'

Unconfident deal finder, Hall Test, Cardiff

These consumers felt it was important to read every question on the screen carefully, resulting in a very time-consuming exercise.

'They ask a lot of questions, don't they – I'm so sorry it's taking such a long time'

Unconfident deal finder, Hall Test, Cardiff

They didn't know the answers to several questions posed by the PCW (for example, information on type of locks or roof materials required for home insurance, exact period of No Claims for car insurance). This made them feel unable to complete the process, for fear that the application would be invalid.

'I just don't know what my roof is made of – tiles I assume, but what if it's not? How would I find out? Would I need to get a roofer round to look?'

Unconfident deal finder, Hall Test, Watford

From the range of sites which the Unconfident deal finders visited in this study, the features which made the experience easy for these consumers are:

- Bright colours on clear background
- Clear, easy to read text
- Change of colour when the question has been answered (for example on Gocompare)
- Not too much detail on the page, so that it does not look overwhelming
- Clear instructions if a question has not been answered correctly – easy to see and clear on how to correct or what to input
- Not too long; clearly there standard questions need to be answered in order for the PCW to provide a quote, but the Unconfident deal finders did become overwhelmed if there were too many questions, and the process took a long time

Some Unconfident deal finders, in particular the eight in this study who are vulnerable, had concerns about inputting personal information, as part of a wider concern about data security and fraud.

I don't think I should give any of this information – you hear about all sorts of scams – and the (PCW) site doesn't look very serious – it all looks a bit jokey to me'

Unconfident deal finder, Hall Test, Stockport

Despite finding the initial process daunting and a quite arduous, the majority of the Unconfident deal finders were surprised and delighted that they could find significantly better deals through a PCW.

'Oh my god, I have been paying £400 per year and I could get the same cover for £97 with a really well-known brand. I feel sick that I've been overpaying so much for so long'

Unconfident deal finder, Hall Test, Cardiff

Most non-users of PCWs expressed an interest in gaining more experience, so they could feel confident to use them again in order to save money. Some expected that this would increase their self-confidence, and feeling of self-worth, as they feel inadequate for not being able to access these tools.

'If I could get to grips with using PCWs, it would make a huge difference to how I feel – I feel as if I've been left behind, and I want to catch up!'

Older vulnerable consumer, In-home interview, Bushey, Hertfordshire

Many Unconfident deal finders realised that the perception of using a PCW is far worse than the reality, and that they could make significant savings by using them to find better deals.

'It's only because you were sitting next to me that I felt confident enough to have a go – it wasn't half bad as I expected – and just look at how much I could save'

Unconfident deal finder, Hall Test, Cardiff

The PCWs which the non-users would be most happy to try again were those which had well-known brand names, ie. the Big 4 PCWs. This reflects the fact that these consumers don't want to take any

risks, and feel more reassured using websites which many others are already using to help them find deals.

Based on the experiences in the research, encouragement, guidance, accessibility to technology and training would be effective ways to increase usage of PCWs amongst Unconfident users. PCW operators could review their websites to ensure that they are easy to use by Unconfident users, and offer to take these consumers through the process over the phone more widely than is currently the case.

4.4 Experiences of Unconfident deal finders using a NGI

Unconfident users were particularly put off by the unknown brand names and new types of service, without the reassurance of believing that lots of other people already use this type of service.

'I don't want to be their lab rat – I'd rather wait to know that lots of people were with them first'

Unconfident deal finder, Hall Test, Cardiff

Unconfident users express concern at the NGI requirement to provide even greater access to their personal data in comparison to PCWs, creating even stronger concerns about data security and fraud.

Another barrier is any type of sign-up fee, which is particularly prohibitive for those on a very low income.

'[Referring to Flipper] I literally don't have £25 spare to stump up, even if they could save me more than that in the longer term'

Unconfident deal finder, Hall Test, Cardiff

Although these Unconfident deal finders can appreciate the principle that an NGI may save them time and money in the longer term, the barriers are numerous and significant for this audience to start adopting the services.

As with PCWs, when and if the NGI brands become more established and are felt to be in common use, some of these barriers will reduce. If the switching services were offered by trusted, well-known brands, overseen by a recognised regulatory body, and already used by many other consumers, there is more likelihood that Unconfident deal finders would adopt them. In addition to reducing the sense of risk, they would also need to be reassured that they would save money, so that the benefit of using an NGI was clear.

'Advertising and reviews on established sites such as Moneysavingexpert would also encourage me to use them, as the adverts on these sites are vetted before being added so as not to damage their reputation.'

Confident deal finder, NGI Online community

4 Providing reassurance for consumers to use digital tools

Confident deal finders have found different ways to minimise their feeling of risk when using digital tools. Of the many approaches they take, three stand out as being most effective for providing reassurance to Unconfident deal finders.

The key headlines are:

- Unconfident deal finders do need reassurance to use digital tools
- Independent consumer champions hold a unique position, trusted position for consumers
- Regulator Confidence Codes could be effective, particularly for Unconfident deal finders, especially if they are well-known, compulsory and overseen by a recognised authoritative body

Currently, Confident deal finders consumers seek reassurance to use a new site or service in a number of ways.

Some have adopted a 'test and learn' approach, by making a relatively minor purchase to see if they encounter any issues, and if reassured they will feel more confident to use the site in the future.

Confident deal finders will also search online to find customer reviews of a brand being considered, and will avoid services if they see plenty of negative comments.

Taking the experience of Confident deal finders there are two areas which stand out as being particularly effective in providing reassurance to more consumers to use PCWs by reducing their concerns.

5.1 Independent consumer champions

There are several individuals and organisations who are perceived to be independent consumer champions, such as Martin Lewis, Ashleigh Money and Which? They hold a unique, trusted position in the eyes of consumers and felt to provide authentic recommendations, with the consumers' interests at heart.

'I've just learnt that loyalty doesn't pay anymore – you have to shop around, otherwise they'll take you for granted; if I see a brand I haven't heard of, I'll look at the reviews and see what Martin Lewis says about them'

Confident deal finder, Hall Test, Cardiff

Martin Lewis stands out in particular as an independent, authentic consumer champion. He is considered to be more effective at providing guidance and reassurance to consumers than independent 'bodies' or 'authorities' which are often thought to be bureaucratic and without sufficient 'teeth' to hold companies to account. By contrast, Martin Lewis is felt to hold companies to account through honest and public evaluation – both positive and negative.

'Influential people like Martin Lewis, Ashleigh Money saver etc could share their experience and the huge benefits of using these services. This alone would reassure people and encourage people to try the websites.'

Confident deal finder, NGI online community

Martin Lewis is also highly visible across many channels including TV, online and newspapers. He is now a first port of call for many consumers when they are deciding which supplier to choose

'[Martin Lewis'] site has always been a go-to site of mine, always seems on the money and impartial. The information and tools on his site always reliable. His TV show appearances and newspaper columns too.'

Confident deal finder, NGI online community

5.2 Regulator Confidence Codes

There is very little awareness or understanding of regulator confidence codes, such as the Ofcom Price Comparison Accreditation scheme, the Ofgem Confidence Code or its predecessor, the Consumer Futures Confidence Code. Even when the codes were clearly visible on the sites being evaluated, they had no impact on consumers' confidence or intention to use, as there was no understanding of what this endorsement meant.

In this research, Confident deal finders did not spontaneously call for greater prominence of these overseeing bodies in relation to PCWs, mainly because they trust PCWs more than suppliers. Many consumers have not considered how PCWs make their money but, when prompted, do realise that it may be the case that PCWs are less a 'consumer champion', and more a retailer, paid by suppliers whose deals they feature.

With increasing developments of digital tools across wider categories and the diminishing returns found by switching, even Confident deal finders feel that regulators could play a more active role in ensuring that PCWs and other digital tools adhere to the same, high standards.

'I don't understand why there are different prices on different PCWs. If anything, there should be one source of information that all the PCWs use.'

Unconfident deal finder, Hall Test, Stockport

For the majority of Unconfident deal finders, regulators could play a more important role in reassurance that sites will adhere to minimum standards of data security, transparency and an honest approach to calculating possible savings.

'The concern I have is for the risk of abuse of our more vulnerable members of society by a lack of regulation or lack of an overseeing agency. One rogue site can ruin the confidence in the others.'

Confident deal finder, NGI Online community

For this reassurance to be effective, the following conditions would need to be in place:

- Awareness and recognition of the overseeing body / regulator, and of the specific confidence code, to ensure it is recognised on the PCWs
- Regulators to have clear authority over industry operators, able to take punitive measures if standards are not met; these measures would need visibility to reassure consumers that the penalties of non-compliance are enforced and will act as a deterrent
- Schemes would need to be compulsory, not voluntary

'I would trust information from the Government as they would be aware of any scams going on and also they have a duty to the public to uphold.'

Confident deal finder, NGI Online community

6. How to increase engagement and more access to better deals amongst a wider range of consumers

Different solutions are needed for Confident deal finders and those who are less confident. The priority is to focus on the needs of the Unconfident consumers, as they are missing out on getting good deals.

The key headlines are:

- The priority for any changes should be on meeting the needs of Unconfident deal finders
- Engagement amongst Unconfident deal finders would increase if they were told that bills can be reduced by switching, and they are encouraged to use digital tools in order to do so
- Confident deal finders are likely to switch in more markets if they feel that the savings they could make outweigh the concerns they have

6.1 Unconfident deal finders

In order for Unconfident deal finders to find better deals, there are several steps which need to take place. They need to be helped to overcome fundamental confidence barriers to using the internet, guided on how to find PCW services, and what to do to get better deals.

‘I have just been to an over 60s meeting on a local estate to promote more internet usage. There was very little confidence about using the internet from the people at the meeting. This is a SERIOUS issue that online services like NGIs need to address.’

Confident deal finder, NGI Online community

For those consumers which lack confidence, the help provided should be given proactively and within their local community, to ensure that it is easy to access and to increase the likelihood of being taken up.

The types of organisation / venue which Unconfident deal finders would find appropriate source of local help are housing associations, local Citizens Advice, local authorities, libraries, colleges, University of the Third Age and Age Concern.

‘I wouldn't recommend to my elderly and vulnerable friends, without enabling help from someone who can guide them through. An online chat line from the site or a Remote App like Team Viewer to help complete the online forms would be of great help.’

Confident deal finder, NGI Online community

Needs to be addressed / barriers to be overcome	Solutions to consider
Inertia / lack of knowledge that supplier bills can be reduced	Prompts and encouragement to review bills / consider switching
Lack of awareness / knowledge of how to find a range of deals	<p>Local guidance / training on:</p> <ul style="list-style-type: none"> ● Basic computer / internet skills <ul style="list-style-type: none"> ○ Allowing access to computers to increase confidence and skill ○ Data security and fraud awareness ● Using price comparison sites <ul style="list-style-type: none"> ○ Information needed ○ How to find the information on bills, at home / car etc ● How to gain reassurance from consumer reviews / Martin Lewis
Negotiating a better deal	<p>Local guidance on:</p> <ul style="list-style-type: none"> ● Comparing existing and new deals ● Negotiating with existing suppliers ● How to switch – online and on phone
Reassurance that PCW sites do offer good deals	Regulator confidence code, with high awareness and strong recourse if contravened
Ease of use	PCWs to understand needs of Unconfident users for usability and design of customer experience, both on websites and over the phone

6.2 Confident deal finders

In general, Confident deal finders do not need help in getting access to better deals. They are confident and competent at doing so, and will seek out new ways to find the best deals. NGIs tested in the research struggled to beat the deals that many of these consumers have already negotiated themselves.

NGIs were expected to be useful to consumers who are currently unengaged with markets. But even for the engaged Confident deal finders, NGIs need to satisfy the following conditions:

- Clearer benefits over and above PCWs
 - Saving more money
 - Saving more time
- Less requirement for access to personal data required
- Reassurance of site ownership / brand being recommended by trusted parties
- Overseen by a well-recognised regulator, ensuring minimum standards are adhered to
 - Improved credibility and usability of sites, especially for emerging brands with low awareness

Conclusions

This study was designed to understand whether problems exist in the digital comparison tools sector, and if so, what changes are needed to make sure it operates competitively and in the best interests of the consumer.

There is not one single solution to encourage greater engagement amongst consumers to find the best deals, as there is currently a two tier market:

- Those who are confident, who get great deals through established and new brands – directly, via intermediaries, on the phone, internet or face to face
- And those who are not confident, who tend to stay with their existing suppliers and may not realise that they could make savings by reviewing suppliers and potentially switching.

The market is not designed to support the less confident consumers and, from this study, it would appear that they are not switching any more in 2016 than they were in 2013. These consumers may not even be aware that they can save money by switching suppliers – and if they do, they lack confidence

and know-how to implement the switch.

Unconfident deal finders are the priority to address, and the solutions can be categorised under five key headings:

Consumer Awareness

Unconfident deal finders need to be made aware of even the most basic details about suppliers:

- They can save money by switching suppliers across a full range of markets
- The ways in which they can find information on alternative suppliers
- How to evaluate different supplier deals
- How to access help and guidance

Trust

Learning from those who have been using digital tools for years, and are now confident users, the way to gain consumers' trust will come from three areas

- PCW / digital tool operators being open and transparent about what they do
- Establishment of well-known and well understood Regulator Confidence Codes, which reassure consumers that the PCWs / digital tools / NGIs are setting high standards, which are fair to consumers
- Endorsement from independent 'consumer champions' such as Martin Lewis

Take-up

From the experience in the Hall Tests, Unconfident deal finders become highly motivated to learn how to use price comparison services once they have been shown how to, and seen the potential savings they could make.

Training, reassurance, and easy access to technology will all help encourage non-users to take-up new digital services, such as PCWs

For more confident consumers who are already using PCWs, they will try out new digital tools which offer greater benefits than they can currently find, as long as they are easy to use. Cashback sites meet these needs, without the barriers which they encounter using NGIs. Greater use of sites like this will encourage greater use of a broader range of digital tools.

Accessibility

Existing PCW users do not need encouragement to use the internet, or more digital tools

Unconfident consumers need to be prioritised, and one of the biggest issues is increasing accessibility, especially in their local area. The ability to build their experience and confidence in their own time, in a welcoming environment, with encouragement from qualified staff is essential in order to increase take up of digital tools and access to the best deals available.

In the research study, the participants who sought this type of help had mixed experiences; one man in his seventies actually lost confidence on a computer course run at his local library, as the teacher expected him to learn more quickly than he was able to. However, a retired consumer in Stockport attended a series of courses run by her Housing Association, covering topics such as managing budgets, in which she learnt for the first time that she was able to switch suppliers, how to find better deals using the computer and switching suppliers. She finds these courses empowering, and has gained confidence in finding better deals, and saving money as a result.

Usability

To increase uptake amongst a wider population, operators need to take the needs of Unconfident deal finders, and in particular those who are vulnerable and have never switched their providers. They need to take into account that these users are not confident with the internet, and find it difficult to answer many of the questions asked.

Recognition of these needs, and provision of tools / alternative channels to provide help would be invaluable to drive uptake amongst non-users. Some of PCWs do already allow contact by phone and / or letter, but these are not well-known channels, nor are the contact details prominent on their websites. None of the 80 Unconfident deal finders in the study were aware that it would be possible to contact the PCWs in any way apart from using the internet.

NGIs may be the solution to increase uptake, but only when the benefits outweigh the barriers

Increasing uptake of digital tools amongst a wider audience to enable them to access better deals does not primarily lie in technological advancements. Currently barriers to adoption of NGIs are too great for confident and unconfident consumers alike. The fundamental premise of an NGI requiring access to personal consumption data in order to identify deals raises concerns, especially as the NGI brands are not well known

Appendix

Glossary:

Price Comparison Website (PCW): a website or app that offers price comparison and switching services, can also be accessed over the phone

Next Generation Intermediary (NGI): automated, data driven digital tool which accesses transaction and personal data and facilitates switching on consumer's behalf with their permission

BEIS empowerment segmentation definitions

Traditional Value Seekers are financially comfortable, highly engaged, confident consumers who like to shop around and find the best deals. They don't mind how much effort this involves. They account for 24% of all consumers.

Leading Edgers are well-educated and financially comfortable consumers, who shop around online and are confident about switching brands. They account for 22% of all consumers.

Worried Indecisives also like to shop around for deals but are not confident about making the right choice. They seek advice from trusted sources such as family and friends, and consumer experts. They account for 22% of all consumers.

Constrained Strugglers struggle to keep up with bills and commitments. They tend to have fewer educational qualifications and belong to the DE social grades. They lack confidence in finding and choosing the best products and services for their needs, so they do not actively look for better deals. They account for 17% of all consumers.

Consciously Unengaged consumers have little interest in spending time shopping around. They are less likely than other consumers to have difficulty keeping up with bills and commitments, and prefer to stick to the same suppliers even when it may not be the best deal. They account for 15% of all consumers.

Comparison of Illuminas fieldwork to BEIS attitudinal segmentation

As part of the recruitment screening process, all participants were asked a series of attitudinal questions to determine which BEIS attitudinal segment they fitted into. However, as participants were recruited on the basis of the specific characteristics relating to their usage and experience of PCWs and NGIs, and their vulnerability, the research sample is not designed to be representative of the UK population. It includes some inevitable over- and under-representations, such as a far higher proportion of NGI users than occurs in the population overall.

This means that a direct comparison between the BEIS model and the research sample is not meaningful, but is shown here for information.

Segment	Count	%	BEIS segmentation %
Consciously Unengaged	21	12%	15%
Constrained Struggler	20	11%	17%
Leading Edger	38	21%	22%
Traditional Value Seeker	65	37%	24%
Worried Indecisive	34	19%	22%
Grand Total	178		